

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 718 - Fire Safe Cigarettes (LSB 1646 HV)

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Fiscal Note Version - New

Description

House File 718 prohibits cigarettes from being sold or offered in Iowa unless they have been tested for fire safety standards, have met the performance standard, a written certification filed by the manufacturer, and the cigarettes have been marked as specified in the Bill beginning January 1, 2009. The Bill creates a Cigarette Fire Safety Standard Fund for money recovered through civil penalties and the collection of certification fees subject to appropriation to the Department of Public Safety. The Department of Public Safety is in charge of administering the Fire Safe Cigarette Program. The Department of Revenue inspects the wholesalers and retailers and notifies the Department of Public Safety if there are any violations. The Department of Public Safety and the Attorney General's Office would enforce the provisions of HF 718. The Bill allows either the Department of Public Safety or the Attorney General's Office to file an action in District Court to recover any costs or damages suffered by the State, including enforcement costs and attorney fees.

Background

- House File 718 does not violate the Master Settlement Agreement.
- Currently, New York, California, Illinois, Vermont, New Hampshire, and Massachusetts have fire-safe cigarette laws.
- Canada requires fire-safe cigarettes nationwide.
- Nineteen states have filed fire-safe cigarette legislation this term. They are as follows: Alabama, Alaska, Arizona, Connecticut, Florida, Hawaii, Iowa, Kentucky, Maine, Maryland, Montana, Nebraska, New Jersey, Oregon, Rhode Island, Texas, Utah, Washington, and Wisconsin.
- The Department of Revenue currently collects approximately \$20,000 per year in civil penalties and has issued less than 100 civil penalties in the last two years.
- New York has certified 1,145 types of cigarettes as of February 2, 2007.
- The manufacturer will pay \$100 for each type of cigarette certified, which will be deposited into the Cigarette Fire Safety Standard Fund. This is considered a one-time source of revenue.

Assumptions

- Iowa will utilize New York's certification and re-certification lists of cigarettes.
- Any additional inspection costs for the Department of Revenue would be minimal.
- Any additional enforcement costs due to violations of the Bill for the Department of Public Safety or the Attorney General's Office are assumed to be recovered through District Court proceedings.

Fiscal Impact

The Fire Marshal's Office would need 1.0 FTE position for a Special Agent at a cost of approximately \$89,000 in FY 2008 and \$62,000 in FY 2009 to coordinate this Program and perform spot checks for compliance. This position could work in conjunction with the Department of Revenue through a 28E Agreement.

The Cigarette Fire Safety Standard Fund would receive a one-time receipt of approximately \$115,000 to be used for fire safety and prevention programs, including entry level fire fighter training, equipment, and operations. The on-going revenue deposited into the Fund through civil penalties cannot be determined, but is expected to be minimal.

Sources

Department of Revenue
Department of Public Safety
Attorney General's Office
National Fire Protection Association (NFPA) web site

/s/ Holly M. Lyons

March 13, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
